Financial allocation to States

3249. DR. K. MALAISAMY: Will the Minister of FINANCE be pleased to state:

(a) whether there has been a dissatisfaction among the well performing States on the ground that they have been penalized by not giving due financial allocation but given more to poor performing States on the plea of the Twelfth Finance Commission norms;

(b) whether there will be a re-look on the fixation of such norms;

(c) what are the norms adopted while assisting the States by way of Central allocation of funds for schemes, proposals, calamities etc; and

(d) whether it is *ad hoc,* objective, political demand driven or discretion driven?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) No Sir. Government of India has accepted the recommendations of the Twelfth Finance Commission.

(c) and (d) Allocation of Central Assistance for the Annual Plans of States consists of Nomal Central Assistance (NCA), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs) and ACA for Special & Other Programmes. While allocation under NCA is based on the Gadgil formulä as approved by the National Development Council (NDC) in December, 1991, allocations under ACA for EAPs and Special & Other Programmes are based on the respective Schemes' own specific criteria and guidelines. The Gadgil formula takes into account, *inter alia,* population, *per capita* income, performance in tax effort, fiscal management and progress in respect of national objectives specifically in the area of population control, elimination of illiteracy, ontime completion of EAPs and land reforms. Allocation of ACA for EAPs is based on utilization of funds for projects. Allocation for Special and Other Programmes depends on the needs of States and sectoral priorities under each programme.